

HISTORIC PRESERVATION AND CULTURAL AND ENTERTAINMENT DISTRICT TAX CREDIT CHANGES

Prior Law

A refundable tax credit is available for 25% of the qualified rehabilitation costs incurred for the substantial rehabilitation of eligible property in Iowa. To be eligible, the property or district must be any of the following:

- Listed on the National Register of Historic Places or eligible for such a listing;
- Designated as having historic significance to a district listed in the National Register of Historic Places or be eligible for such a listing;
- Designated by a city or county ordinance as a local landmark; or
- A barn constructed before 1937.

To be considered “substantial rehabilitation” of commercial property, the rehabilitation costs must equal 50% of the assessed value of the property, prior to rehabilitation, excluding the land. For residential property or barns, rehabilitation costs must equal at least \$25,000 or 25% of the property’s assessed value, prior to rehabilitation, excluding the land, whichever is less. The property must be placed into service within 60 months of the date on which the project application was approved.

The program is funded for up to \$45 million in tax credits. There are multiple funding streams for tax credit awards:

- 10% of the dollar amount of tax credits is to be awarded to small projects (\$50,000 or less);
- 30% of the dollar amount of tax credits is to be awarded to projects in cultural and entertainment districts;
- 20% of the dollar amount of tax credits is to be awarded to disaster recovery projects;
- 20% of the dollar amount of tax credits is to be awarded to projects involving the creation of more than 500 new permanent jobs; and
- 20% of the dollar amount of tax credits is to be awarded to any eligible projects.

New Provisions

Substantial rehabilitation of commercial property now includes rehabilitation costs equal to \$50,000 or 50% of the assessed value, whichever is less. The category of property that previously included residential property and barns is expanded to include any “property other than commercial property.”

The date by which property must be placed into service is extended from within 60 months to within 72 months of the date of approval if more than 50% of the qualified

rehabilitation costs are incurred within 60 months of the date on which the project application was approved under this section.

The requirement that 10% of the dollar amount of tax credits is allocated to new projects with final qualified rehabilitation costs of \$500,000 is amended to \$750,000.

Section Amended_____

Section 1 of 2013 Iowa Acts Senate File 436 amends Iowa Code section 404A.1, subsection 2, paragraph e, Code 2013. Section 2 amends Iowa Code section 404A.3, subsection 3, paragraph b, Code 2013. Section 3 amends section 404A.4, subsection 4, paragraph b, subparagraph 1, Code 2013.

Effective Date_____

The extension to 72 months of the time period by which the project must be placed into service is effective upon enactment, May 16, 2013, for property placed in service on or after that date. The remaining new provisions are effective July 1, 2013.